

The M&A Masterclass Workshop

 CBS FINANCE
COMPETITION



ACCURA

Contents

01



Due diligence

02



Legal M&A



M&A Masterclass with PwC

Transaction Services - CBS Finance Competition

April 2025



Content

- 1 Introduction to PwC Deals team
- 2 M&A timeline
- 3 Due diligence process
- 4 Q&A



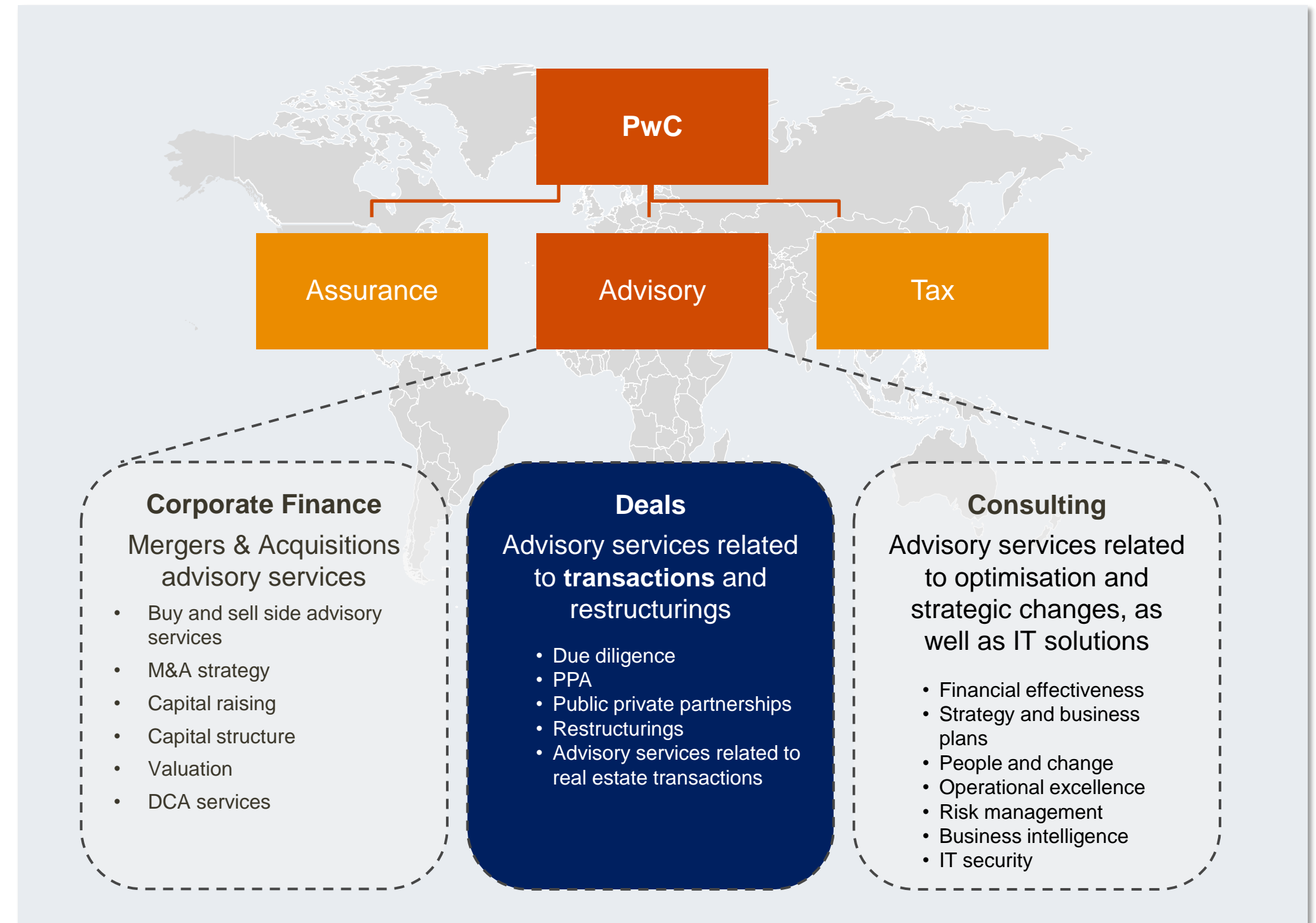
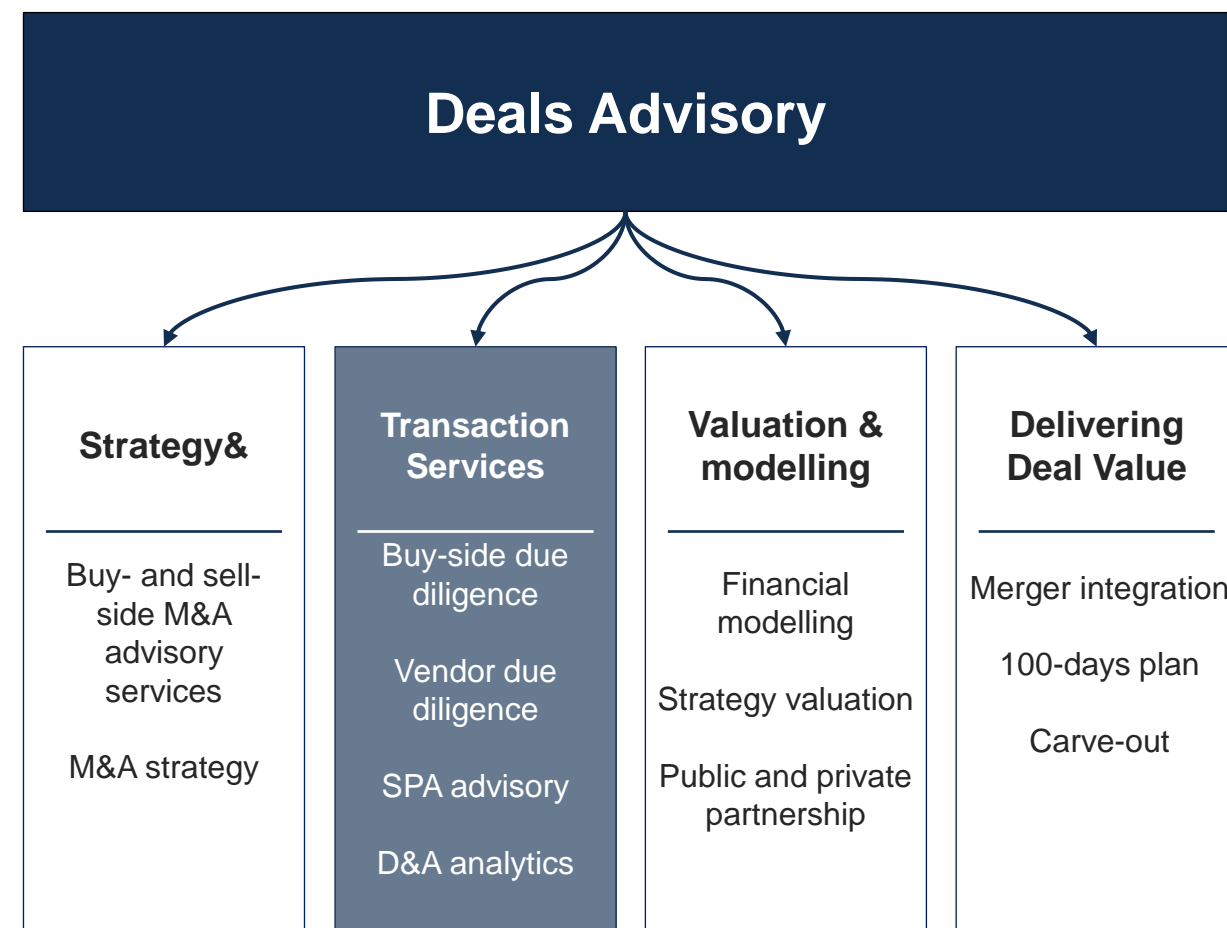


1

Introduction to PwC Deals team

Transaction services is a component of PwC Deals

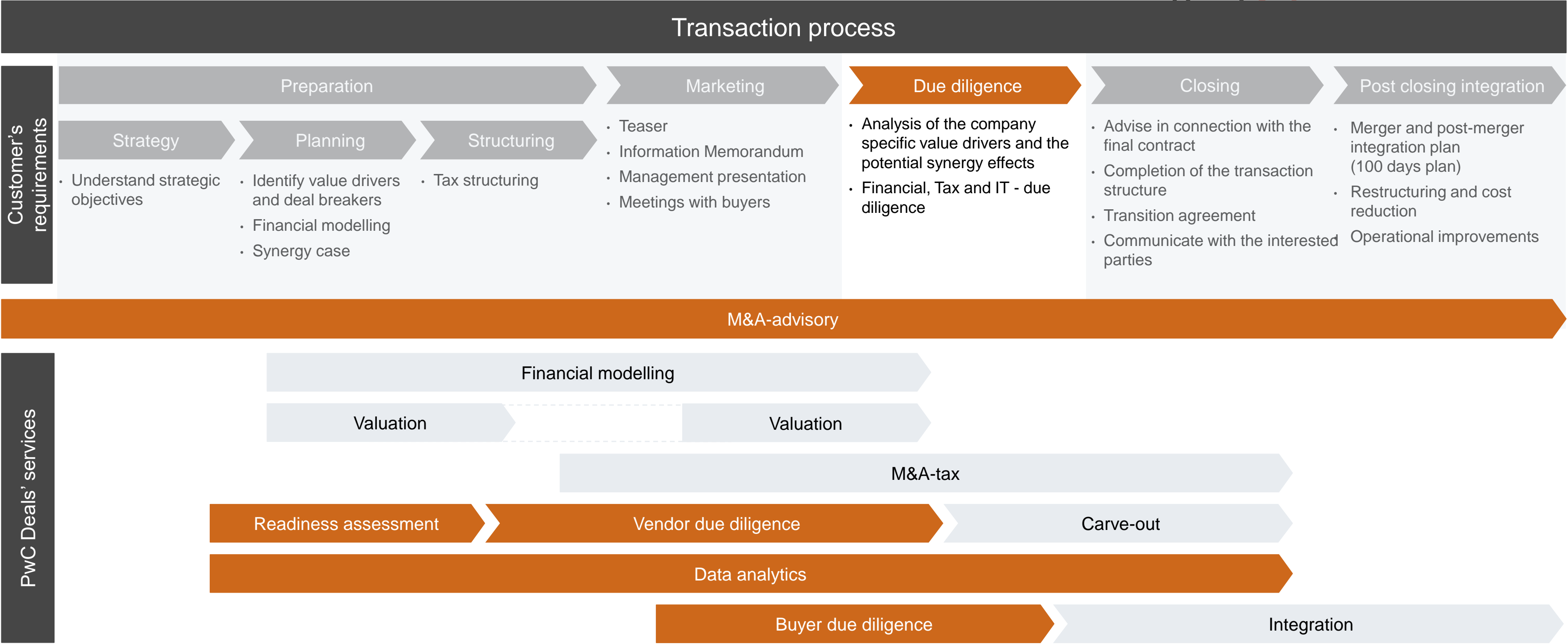
Transaction Service team assists with financial due diligence, either alone or as an integrated part of an operational or commercial due diligence investigation. We help firms navigate through the transaction process and create value, whether you want to buy, sell, or consider entering into a strategic partnership



2

M&A timeline

M&A timeline



3

Due diligence process

Context of financial due diligence

Context of a due diligence

When is due diligence relevant?

- Mergers and acquisitions
 - Buy side/sell side
 - Share deal/asset deal
 - Majority/minority
- IPOs (partly)
- Restructuring (conversion of loan)

... and who uses a due diligence?

- Seller
- Buyer (financial or industrial/corporate)
- Banks/loan providers
- W&I (transaction insurance)

Financial due diligence

What are the typical issues?

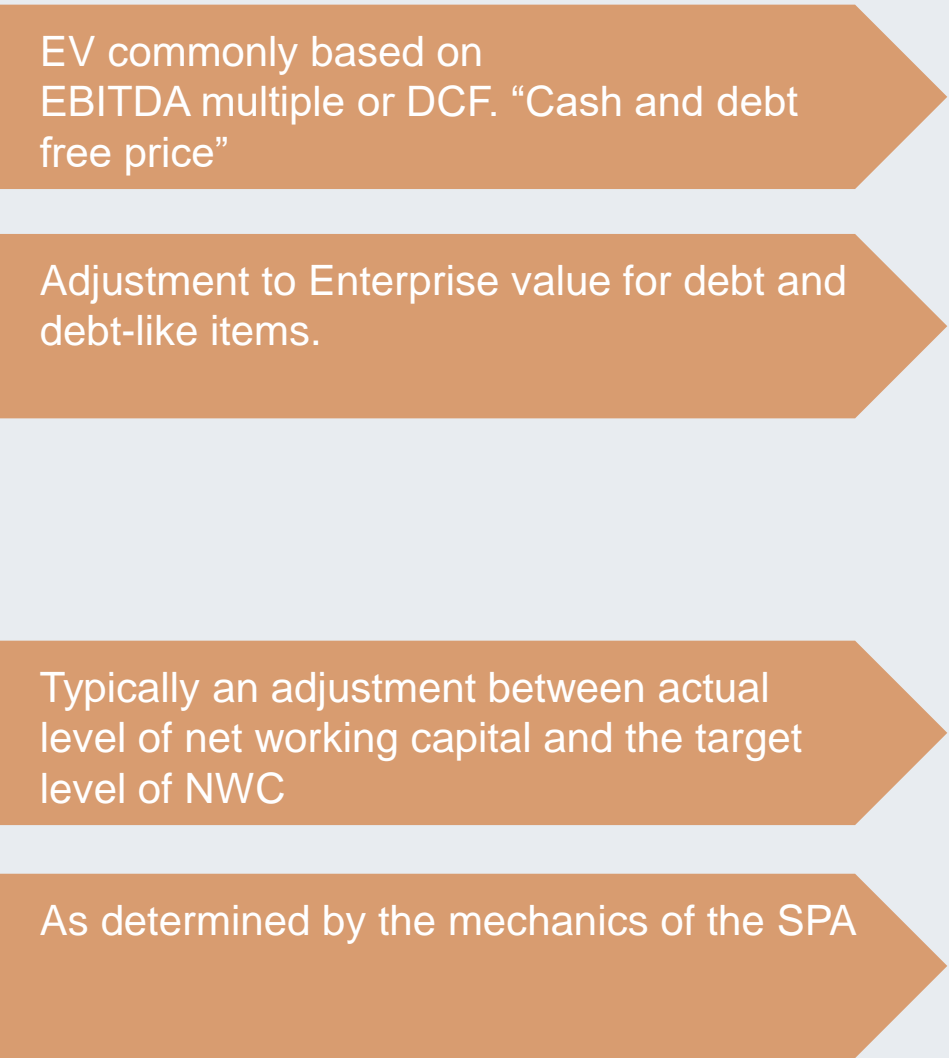
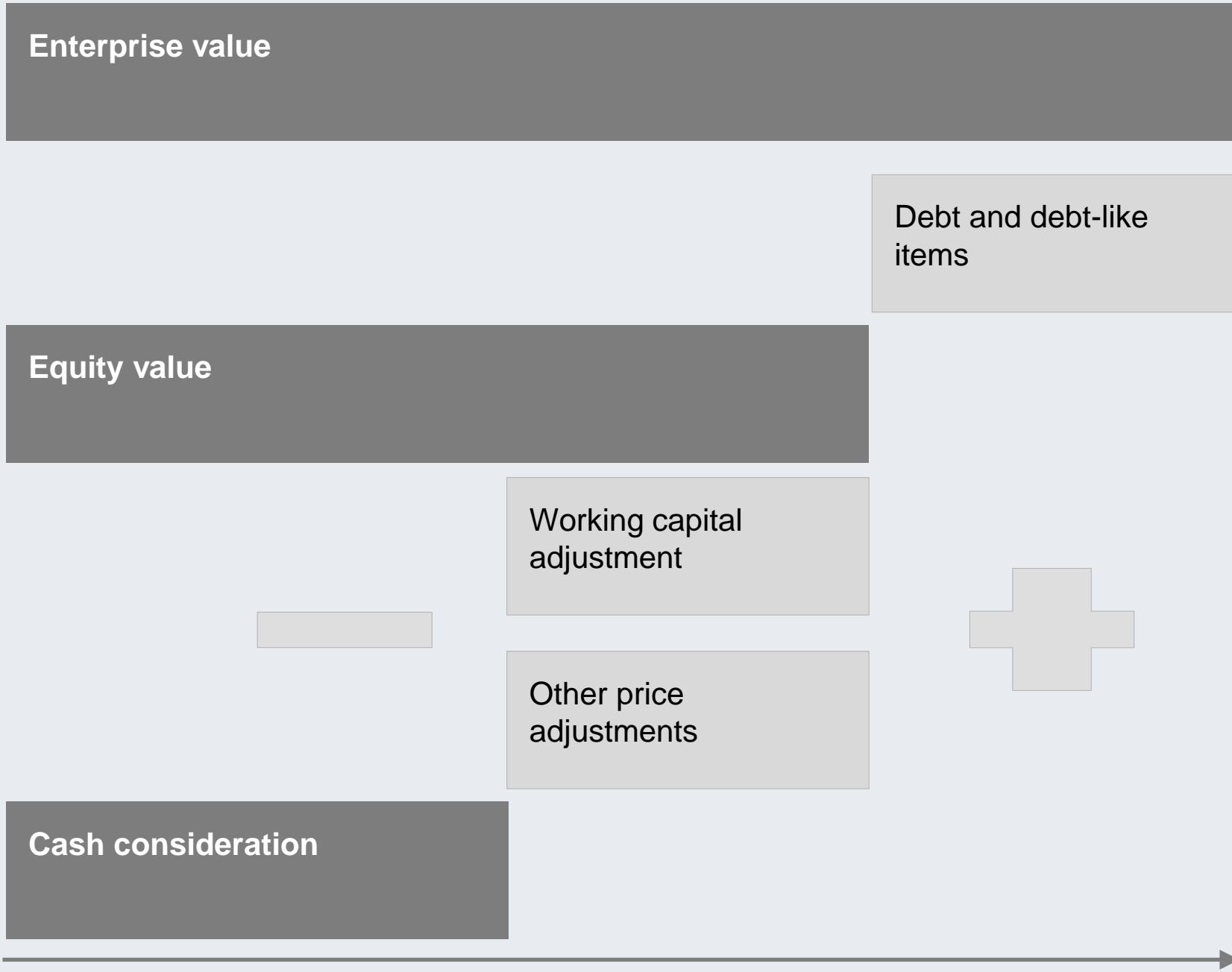
- Are there deal-breakers?
- What is the target company's actual earnings, and are these earnings sustainable going forward?
- Are the target company's future objectives realistic?
- Establish an understanding of the potential transaction and provide the right decision tools

... and how are the findings used?

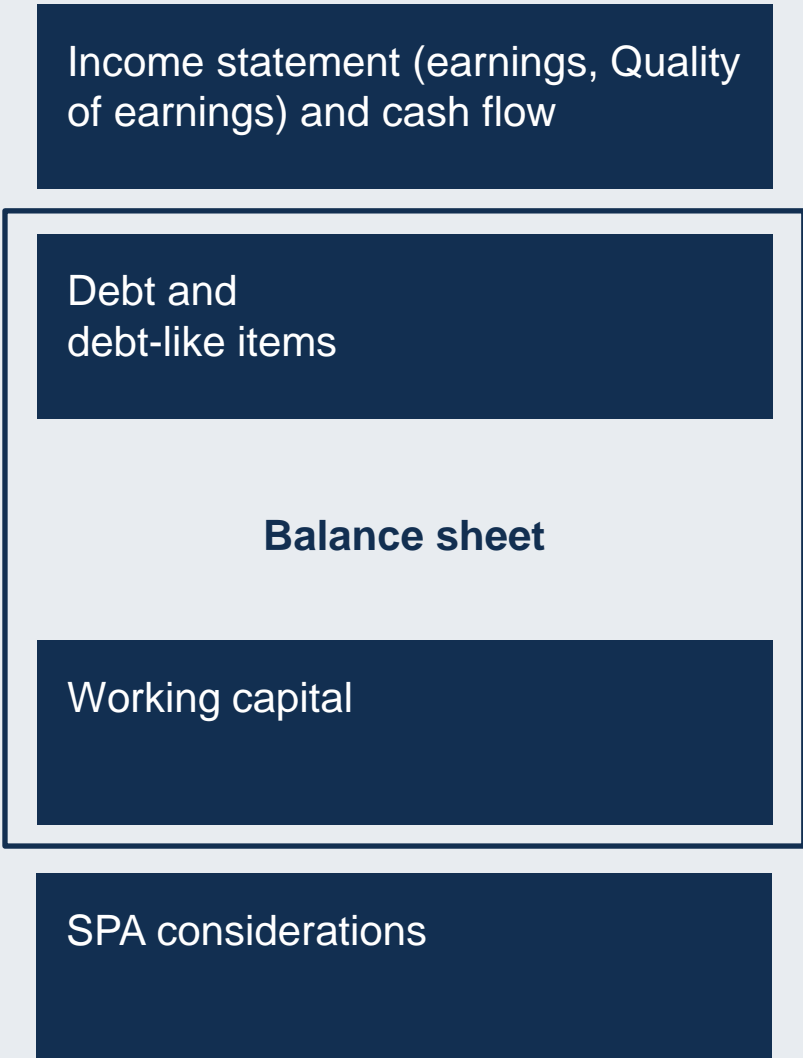
- Valuation (price negotiation, deferred payment etc.)
- Structuring (Rep & Warranties, transaction model etc.)
- Integration/synergies

EV to equity bridge

Typical purchase price components



Coverage in FDD reports



1. Quality of earnings

2. Net working capital

3. Net debt

Quality of Earnings

Quality of earnings

EUR in millions	FY23 Act	FY24 Act
Reported EBITDA	100.0	120.0
Pro forma adjustments		
Discontinued activity	(6.0)	(5.0)
Acquired business	15.0	5.0
Commodity price	28.0	68.0
Pro forma adjustments	37.0	68.0
Normalisations		
Supplier one-off issue (AZU)	2.0	18.0
Legal settlement	-	8.0
Reversal gains (loss) on sale of assets	(4.0)	(8.0)
Normalisations	(2.0)	18.0
PwC adjustments	35.0	86.0
Adjusted EBITDA	135.0	206.0

Deep dive on next slide

EV to equity bridge

EUR in millions		Dec 24 Act
Adjusted EBITDA	206.0	
Multiple	10x	
Enterprise value		2,060.0
Insights on the following slides		
Equity value		886.0

Key question

- What is the underlying level of earnings?

Purpose

- Feed into valuation (either DCF or multiple)

Pro forma adjustments

- Reflect the like-for-like earnings

Normalisations

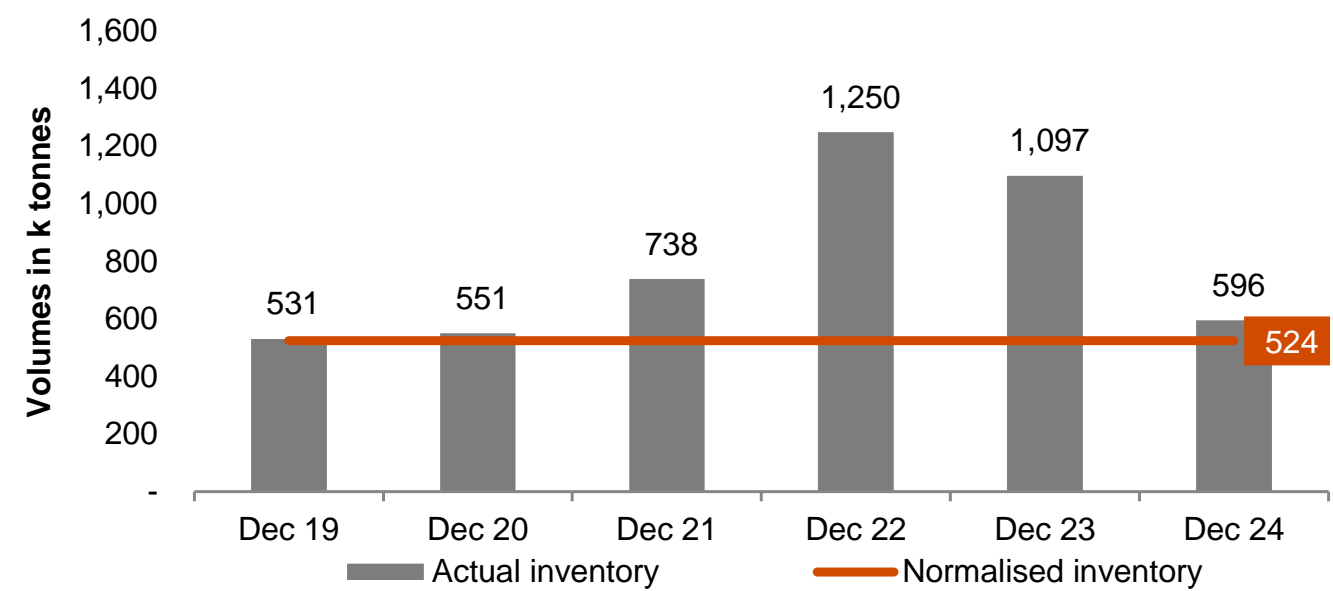
- Eliminate P&L impact of one-off and non-recurring items

Trading

Example of raw material

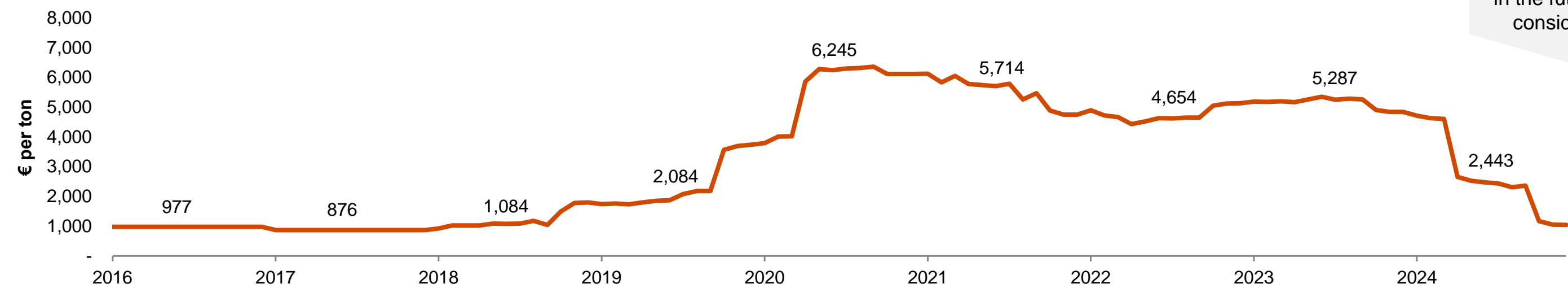
- Raw material has increased from c. €1000-2000 in FY18-19 to c. €6,000 in Jun 20, due to environmental circumstances, reducing supply. The latest price levels have come down to €1043 per ton in Dec 24
- Since the price increased so rapidly, we need to consider this in a valuation perspective as an pro forma adjustment
- The pro forma adjustment analysis highlights the impact on COGS to reflect current sourcing price of €1043 per ton

Pro forma adjusted inventory



The commodity price changes impact of the company's COGS in the future, why this should be considered as an pro forma adjustment

Commodity price development



Exercise – Quality of Earnings

The target company, ChemiCo, is producing and selling specialised chemicals for wastewater treatment. In 2024, the company divested the sales rights for a non-core chemical for DKK 50 million. This is their first divestment of sales rights, and according to ChemiCo's management, they do not anticipate similar opportunities in the foreseeable future.

How should this be reflected in the Quality of Earnings assessment?

- A** **Non-core products** are never included in the budget
- B** It is a non-recurring event and **should be adjusted** for in the quality of earnings
- C** It is not a one-off gain and **should not be adjusted** for in the quality of earnings
- D** The DKK 50 million has a significant impact on earnings and should therefore be included to **attract investors**



By show of hands 

Exercise – Quality of Earnings

The target company, ChemiCo, is producing and selling specialised chemicals for wastewater treatment. In 2024, the company divested the sales rights for a non-core chemical for DKK 50 million. This is their first divestment of sales rights, and according to ChemiCo's management, they do not anticipate similar opportunities in the foreseeable future.

How should this be reflected in the Quality of Earnings assessment?



- A** **Non-core products** are never included in the budget
- ☒ It is a non-recurring event and **should be adjusted** for in the quality of earnings
- C** It is not a one-off gain and **should not be adjusted** for in the quality of earnings
- D** The DKK 50 million has a significant impact on earnings and should therefore be included to **attract investors**

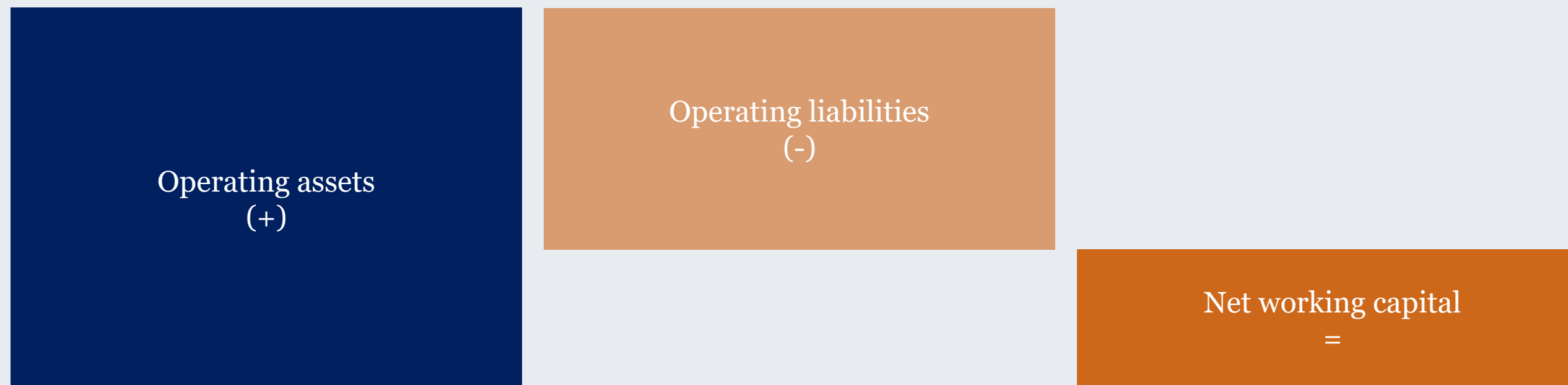
By show of hands 

1. Quality of earnings

2. Net working capital

3. Net debt

What is net working capital?



*Working capital reflects the **operating accounts** of the business (e.g. inventory, trade receivables, trade payables, prepayments).*

Since NWC is essential to generate profits, it cannot be distributed/disposed of.

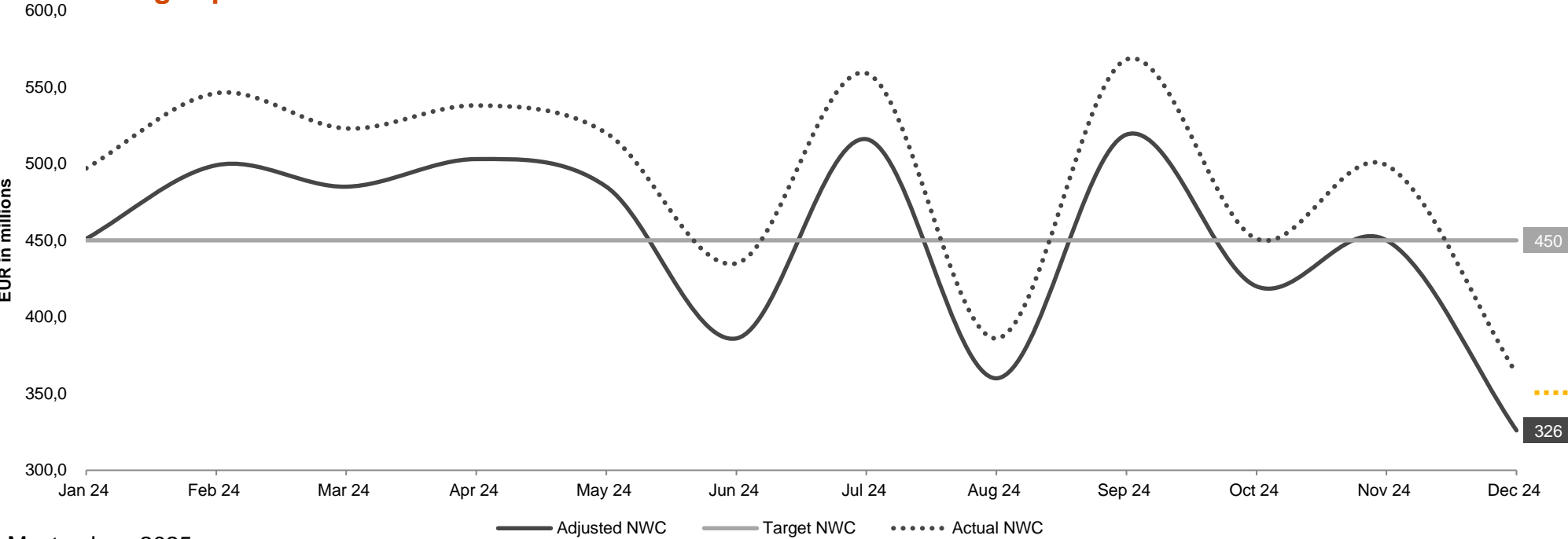
- *Rule of thumb is that balance sheet items related to **items above EBITDA are typically NWC.***

Net working capital mechanism

Key considerations

- The NWC mechanism is buyer’s security against misuse of the net debt adjustment – seller must not be able to take advantage of:
 - i. Accelerating debtor payments
 - ii. Delaying purchase of goods/sale of stock for cash
 - iii. Delaying payment of creditors.
- Ensures that the equity value is not materially distorted by the seasonality of the business
- The mechanism compares the actual working capital at closing with the "normal" level.

Net working capital



EV to equity bridge

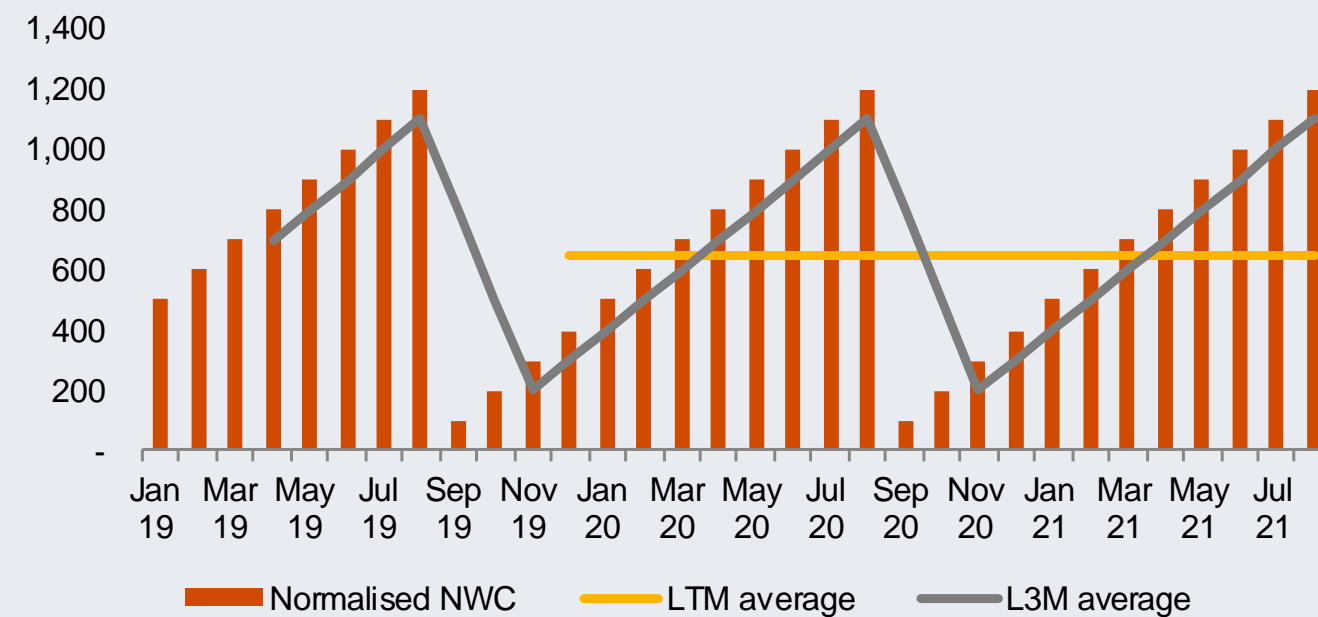
EUR in millions		Dec 24 Act
Adjusted EBITDA	206.0	
Multiple	10x	
Enterprise value		2,060.0
Insights on the following slides		
NWC at 31 Dec 24	326.0	
Target NWC	450.0	
+ / - NWC adjustment		(124.0)
Equity value		886.0

Set the target NWC

Common estimations for the Target NWC

- LTM average (Last 12 months)
- L6M average (Last six months)
- L3M average (Last three months)
- LTM NWC average in % of LTM revenue (budgeted or actual) average

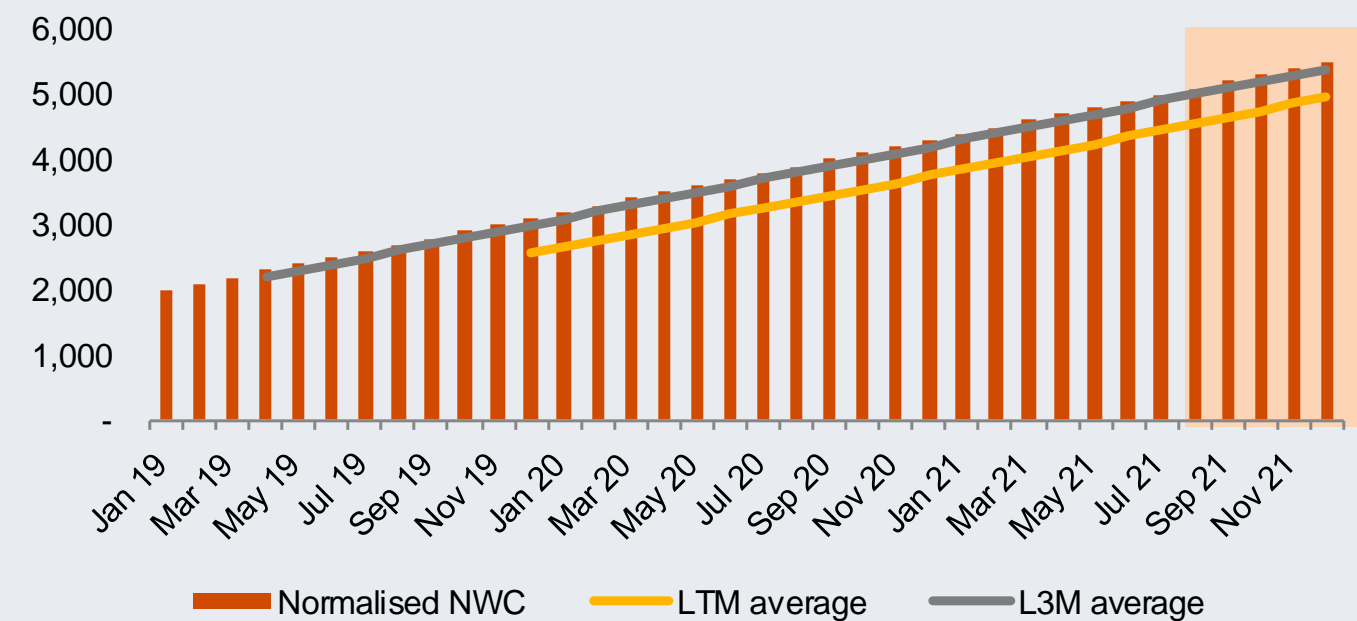
Monthly normalised NWC (seasonal business)



Considerations when estimating the target NWC

- Is there significant seasonality?
- Are there any systematic trends to account for?
- Business expansion will presumably increase working capital requirements
- Are there any working capital improvement programmes in place or planned?

Monthly normalised NWC (growing business)



Exercise – Net working capital

The company, SoftwareCo, offers cloud-based solutions. As of closing day, SoftwareCo has accounts receivable of DKK 350 million and accounts payable of DKK 170 million, with no other NWC accounts. The company's target NWC level stands at DKK 100 million.

How will this affect the funds flow on the transaction day?

- A The **Seller is compensated** with DKK 80 million
- B The **Buyer is compensated** with DKK 80 million
- C The **Seller is compensated** with DKK 70 million
- D The **Buyer is compensated** with DKK 70 million



By show of hands 

Exercise – Net working capital

The company, SoftwareCo, offers cloud-based solutions. As of closing day, SoftwareCo has accounts receivable of DKK 350 million and accounts payable of DKK 170 million, with no other NWC accounts. The company's target NWC level stands at DKK 100 million.



How will this affect the funds flow on the transaction day?

- ☐ A The **Seller is compensated** with DKK 80 million
- ☒ B The **Buyer is compensated** with DKK 80 million
- ☐ C The **Seller is compensated** with DKK 70 million
- ☐ D The **Buyer is compensated** with DKK 70 million

By show of hands 

1. Quality of earnings

2. Net working capital

3. Net debt

Net debt

Net debt

EUR in millions	Ref.	Dec 23 Act	Dec 24 Act
Corporate tax		(40.0)	(30.0)
Cash and cash equivalents		25.0	100.0
Loans and credit institutions		(1,390.0)	(1,081.0)
Lease liabilities		(40.0)	(35.0)
Reported net debt		(1,445.0)	(1,046.0)
Transaction costs	1	-	[]
Capitalised loan costs	2	-	(11.0)
Capex underspend	3	(3.0)	(6.0)
IFRS16 reversal	4	40	35
Cash and debt-like items		37.0	18.0
NWC reclassifications			
Stretched creditors	5	(20.0)	(37.0)
Expansion capex creditors	6	(5.0)	(3.0)
NWC reclassifications		(25.0)	(40.0)
Total adjustments		12.0	(22.0)
Adjusted net debt		(1,396.0)	(1,050.0)



EV to equity bridge

EUR in millions		Dec 24 Act
Adjusted EBITDA	206.0	
Multiple	10x	
Enterprise value		2,060.0
+ / - Net debt		(1,050.0)
NWC at 31 Dec 24	326.0	
Target NWC	450.0	
+ / - NWC adjustment		(124.0)
Equity value		886.0

Key question

- What is the amount of cash (debt) at closing?
- Are there any debt-like items to consider?

Purpose

- Determine the level of the enterprise value to equity bridge

Negotiation perspective

- The net debt has a 1-to-1 affect on the equity value i.e. the buyer wants a high net debt and vice versa for the seller

Exercise – Net debt

The target company, TransportCo, specialises in freight and logistics services. As part of the contemplated acquisition, TransportCo has agreed to pay exit bonuses totalling DKK 1 million to key employees, contingent upon the successful completion of the acquisition.

How should this be reflected in the Net Debt assessment?

- A The exit bonuses should be **ignored** in the due diligence, as they do not affect the company's ongoing operations.
- B The exit bonuses should be **borne by the buyer**, as they will retain the company post-transaction.
- C The exit bonuses should be considered as **net debt** as they only provide value for the Seller
- D Bonuses and salaries are part of the income statement and should **not be included** in the net debt analysis.



By show of hands 

Exercise – Net debt

The target company, TransportCo, specialises in freight and logistics services. As part of the contemplated acquisition, TransportCo has agreed to pay exit bonuses totalling DKK 1 million to key employees, contingent upon the successful completion of the acquisition.

How should this be reflected in the Net Debt assessment?

- ☐ A The exit bonuses should be **ignored** in the due diligence, as they do not affect the company's ongoing operations.
- ☐ B The exit bonuses should be **borne by the buyer**, as they will retain the company post-transaction.
- ☒ C The exit bonuses should be considered as **net debt** as they only provide value for the Seller
- ☐ D Bonuses and salaries are part of the income statement and should **not be included** in the net debt analysis.



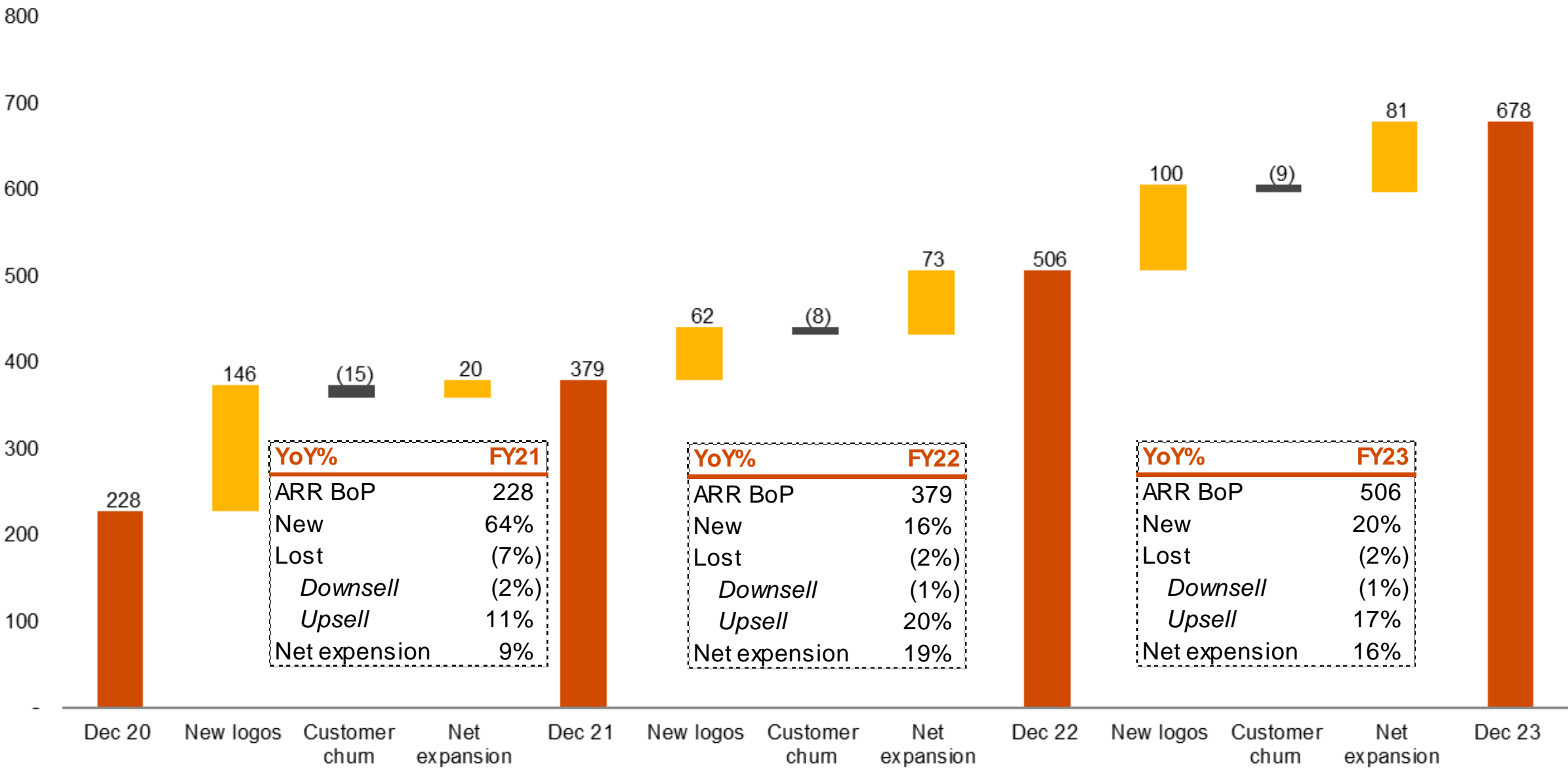
By show of hands 

4

Trading

Trading

ARR bridge



*ARR = Annual recurring revenue
**BoP = Beginning of period
***YoY% = Year-over-year growth

Key question

- What are the key drivers of revenue & profitability?

Purpose

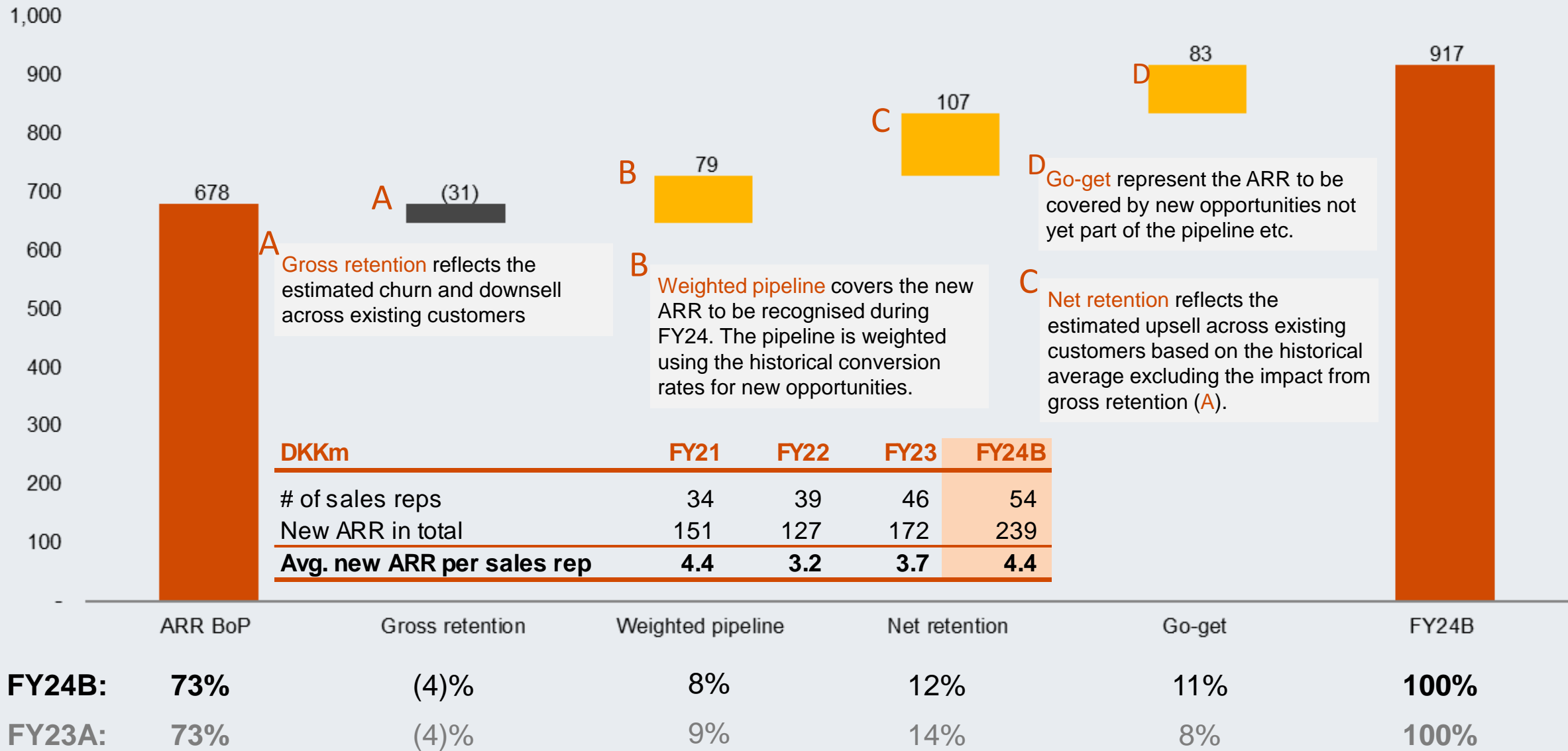
- Key to understand the business
- Used to assess the budget achievability

Negotiation perspective

- Budget is often used as the starting point for valuations. If our analyses indicate over-/underperformance it should be reflected in the valuation

Trading

FY24B ARR build-up





5

Q&A

Leading Nordic M&A Advisor of the Year

Mergermarket, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024

IMPORTANT

This document is strictly confidential and must not be provided to or made available, by any means, to any person other than the intended recipient.

The information used in preparing this document has been obtained from a variety of third party sources. PricewaterhouseCoopers has not sought to establish the reliability of those sources nor has PricewaterhouseCoopers verified such information. Accordingly, no representation or warranty of any kind (whether explicit or implied) is given by PricewaterhouseCoopers as to the accuracy, completeness or fitness for any purpose of this document.

This document is for information purposes only and should not be relied upon. Accordingly, regardless of the form of action, whether in contract, tort or otherwise, and to the extent permitted by applicable law, PricewaterhouseCoopers accepts no liability of any kind and disclaims all responsibility for the consequences of any person acting or refraining from acting in reliance on this document.



ACCURA

8 April 2025

CBS Finance Competition

CBS Finance Competition

Agenda for legal workshop

- Introduction to Accura
- Introduction to today's topic
- M&A transactions
- Main SPA terms
- Governance
- Q&A

Key facts



1999

FOUNDED



52

PARTNERS



550

EMPLOYEES



425

FEE EARNERS



100

STUDENTS



34,9

AVERAGE AGE



47/53

MEN/WOMEN %

Our **advisory** services

Accura has the size and expertise necessary to provide top notch legal advice and to assist our clients with transactions and legal services of any size and complexity.

Accura provides support within a number of areas, including:

- M&A
- Real Estate
- Renewable Energy
- Banking & Finance
- M&A Restructuring
- Restructuring & Insolvency
- Corporate & Commercial
- Capital Markets
- Private Equity
- Venture Capital
- Dispute Resolution
- Insurance
- EU & Competition
- IT & Outsourcing
- Data Protection & Cybersecurity
- IP & Life Science
- Employment
- Direct & Indirect Taxes
- Environment
- Asset Management
- ESG & Legal Compliance
- Financial Services
- Foundations and Associations
- Succession Planning
- Fund Formation and Alternative Investments

ABOUT ACCURA

We are the **leading law firm** within transactions and renewable energy

20 years of experience

For 20 years, we have provided business-oriented, strategic and legal advice in large, complex cases.

Tier 1 ratings

We are tier 1 rated in all leading legal directories including Chambers, Legal 500 and IFLR1000.

Second to none track record

We have a second to none track record with M&A, Private Equity and Real Estate transactions.

Global leader in renewable energy

Our Energy/Renewables team includes some of the globally leading partners within the field.

The largest deal flow in Denmark

Most transactions

by any Danish law firm
the last decade

894

DEALS

Most cross border transactions

by any Danish law firm
the last decade

583

DEALS

Most private equity transactions

by any Danish law firm
the last decade

238

DEALS

Selected M&A transactions

<p>Acquisition of 70% stake in Saxo Bank A/S</p> <p>Advisor to buyer Bank J. Safra Sarasin AG</p> <p>March 2025</p> <p>SAXO BE INVESTED</p> <p>J. Safra Sarasin GEELY MANDATUM</p>	<p>Divestment of 60% stake in Hansens Is</p> <p>Advisor to the owners of Hansens Is</p> <p>March 2025</p> <p>Hansens densociale kapitalfond</p>	<p>Divestment of OrderYOYO A/S</p> <p>Advisor to target</p> <p>March 2025</p> <p>ORDER YOYO POLLEN STREET</p>	<p>Divestment of SDC A/S</p> <p>Advisor to sellers</p> <p>February 2025</p> <p>SDC netcompany</p>	<p>Divestment of Spar Nord Bank A/S</p> <p>Advisor to target</p> <p>December 2024</p> <p>spar nord Nykredit</p>	<p>Acquisition of Penneo A/S</p> <p>Advisor to buyer Visma Danmark Holding A/S</p> <p>November 2024</p> <p>PENNEO VISMA</p>
<p>Divestment of Alm. Brand's energy & marine activities</p> <p>Advisor to seller Alm. Brand Group</p> <p>July 2024</p> <p>Alm Brand gard</p>	<p>Acquisition of CP Kelco ApS</p> <p>Advisor to buyer Tate & Lyle plc</p> <p>June 2024</p> <p>CP Kelco TATE & LYLE HUBER</p>	<p>Divestment of EWII Fibernet A/S</p> <p>Advisor to seller EWII A/S</p> <p>June 2024</p> <p>EWII NORLYS</p>	<p>Acquisition of majority stake in Sindal Biogas A/S</p> <p>Advisor to buyer CIP</p> <p>May 2024</p> <p>SINDAL BIOGAS CIP Copenhagen Infrastructure Partners</p>	<p>Acquisition of 50% stake in Coop Danmark A/S</p> <p>Advisor to buyer OK a.m.b.a.</p> <p>April 2024</p> <p>coop OK</p>	<p>Divestment of 95% stake in Sticks'n'Sushi A/S</p> <p>Advisor to seller Maj Invest Equity</p> <p>January 2024</p> <p>STICKS 'N' SUSHI MAJ INVEST EQUITY McWin</p>
<p>Divestment of North Risk A/S</p> <p>Advisor to seller Polaris</p> <p>December 2023</p> <p>NORTH your risk guide HOWDEN POLARIS THE POWER OF PARTNERSHIP</p>	<p>Divestment of 49% stake in Cellnex Denmark ApS and Cellnex Sweden AB</p> <p>Advisor to seller Cellnex Telecom SA</p> <p>September 2023</p> <p>cellnex Stonepeak</p>	<p>Acquisition of Georg Jensen A/S</p> <p>Advisor to buyer Fiskars Oyj Abp</p> <p>September 2023</p> <p>GEORG JENSEN ESTABLISHED 1904 FISKARS INVESTCORP</p>	<p>Divestment of 90% stake in Davidsens Tommerhandel A/S</p> <p>Advisor to seller the Davidsen family</p> <p>August 2023</p> <p>DAVIDSEN K</p>	<p>Divestment of Ellab A/S</p> <p>Advisor to seller EQT</p> <p>June 2023</p> <p>Ellab EQT novo holdings</p>	<p>Acquisition of Telia's Danish activities</p> <p>Advisor to buyer Norlys</p> <p>April 2023</p> <p>Telia NORLYS</p>

Selected renewables transactions

Partnership between Novo Holdings and European Energy: Our team advised Novo Holdings with respect to the partnership with European Energy to repower 17 operational wind farms in Germany with new and more efficient wind turbines. Currently, the wind farms have a combined capacity of 151.9MW.



Portfolio investment: Accura assisted Maigaard & Molbech and European Energy on multiple strategic acquisitions of Danish biogas plants, integrating them into a wholly owned subsidiary of a new joint venture holding company.



Acquisition of Vinkel Bioenergy: Legal advisor on the acquisition of Vinkel Bioenergy, assisting the buyer in performing legal due diligence and drafting and negotiating all transaction agreements. Post-closing of the transaction, Accura continues to act as legal advisor to the buyer and Vinkel Bioenergy.



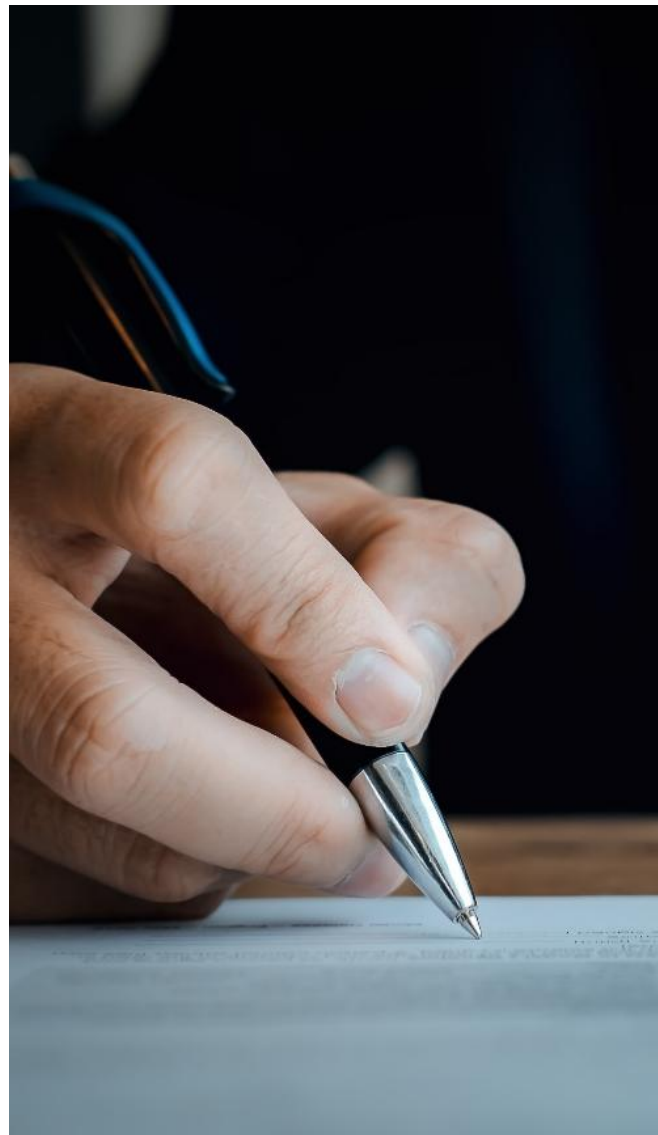
Investment – biogas, biofuels etc.: Legal advisor to a company seeking to raise capital, which business relates to a circular cluster of renewable energy projects involving wind, solar PV, biogas, biofuels, PtX, etc.



Mitsubishi HC Capital's investment in European Energy A/S: Our team assisted Mitsubishi HC Capital with an EUR 700m investment in European Energy A/S, including conducting of legal due diligence review.



Today's objectives



Today's objectives:

- Introduction to selected topics you will come across times if you decide to work with M&A transactions in the future; and
- To give you relevant background and legal pointers for the competition (non-case specific).

To aid the objectives, the agenda contains introductions to:

- 10K view on M&A transactions from a legal perspective;
- Common transaction types;
- Share purchase agreements; and
- Governance rights.

M&A process

Transaction types

Transaction types

- Share deal (acquisition of shares)
- Asset deal (acquisition of assets)
- Merger
- De-merger
- IPO (private to public)
- Delisting (public to private)
- Investment / subscription for new shares

Process types

- **Exclusive process**
 - Seller + buyer with exclusivity
- **Auction process**
 - Several bidders

M&A proces

Typical stakeholders

Sell-side

- Seller entity (owner of target)
- Shareholders in seller entity
- Seller's legal advisor
- Seller's accountant
- Seller's investment bank

Buy-side

- Buyer entity (operational entity, special purpose vehicle)
- Shareholders of buyer entity
- Buyer's advisor, including legal, financial, tax, IT etc.
- Buyer's finance providers
- Buyer's investment bank / corporate finance advisor

Target

- Parent company (target)
- Subsidiaries
- Target's management and other key employees

Third parties

- W&I / R&W insurance providers

Purpose of a share purchase agreement?

10K fly-by



- **General:** the core legal document on a transaction – outline of the terms and conditions
- **Key objectives of an SPA:**
 - Transparency and clarity
 - Risk allocation, management and mitigation
 - Formalization of financial terms
 - Practical transactional implementation
 - Facilitator for transition
 - Dispute mitigation

Share purchase agreement (SPA)

Main terms

Purchase price mechanisms

- Locked box vs Closing accounts

Signing (execution of the SPA)

- Actions and deliverables

Pre-closing actions

- Filings to authorities

Pre-closing covenants

- Restrictions on Seller's operation of target between signing and closing
- Objective is to ensure preserve value and operation of target in the ordinary course of business
- Important for buyer to know what state target is in when taking it over

Conditions precedent

- Specific conditions for closing
- Influences deal certainty
- Joint or party-specific CPs
- **Joint:** typically public approvals, third party consents
- **Party-specific:**
 - Stakeholder approvals
 - Financing
 - MAC
 - Circumstances uncovered in diligence, etc.

Closing (completion)

- Actions and deliverables
- Delivery of shares
- Payment of purchase price

Liability

- **Seller's warranties**
 - Unknown risks
 - Disclosures in data room
- **Indemnities**
 - Known risks
- **Limitations**
 - Seller's limitation of liability (basket, cap)
 - Security for buyer in case of seller's breach
 - Escrow, holdback, guarantees (bank, parent)
 - W&I insurance

Restrictive covenants

- Non-compete, non-solicit of employees

Governance (1/2)

Main terms in shareholders' agreement

Key corporate governance document aimed at regulating and dividing control

Capital structure and financing

- Shareholder- and/or external financing
- Business plans and budgeting
- Financing in a period of financial distress
- Dividend policies

Pre-emptive rights

- Shareholders have a right to participate pro rata in capital increases

Composition of management

- Board- and executive composition (incl. appointment rights) and responsibilities

Reserved matters / minority rights / consultation rights

- Matters that the majority could typically otherwise make decisions about alone
- Related party transactions

Transfer restrictions (lock-up, ROFO etc.)

Exit

- Exit routes
- Tag-along and drag-along rights

Restrictive covenants

- Non-compete, non-solicit of employees

Management incentive programmes

- Management investment is typically regulated by a separate shareholders' agreement

Governance (2/2)

Typical minority rights

- Right to appoint board member(s) and observers to the board, election of chairman
- Right to trigger an exit
- Tag-along rights
- Anti-dilution rights
- Information rights
- Deadlock mechanism in the event of a dispute

- Veto rights, e.g.
 - Drag-along/exit
 - Changes of strategic direction or activities
 - Changes to the capital structure of the company
 - Add-on acquisitions
 - Divestments
 - Incentive programs
 - Dividend policy
 - Related party transactions

Q&A





ACCURA

Accura
Alexandriagade 8
DK-2150 Nordhavn/Cph.
www.accura.dk



ACCURA

Thank You!